

Message Text

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ACTION EB-07

INFO OCT-01 ARA-10 ISO-00 FEA-01 ERDA-07 AID-05 CEA-01

CIAE-00 CIEP-02 COME-00 DODE-00 FPC-01 H-02 INR-07

INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-15

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TO SECSTATE WASHDC 4002

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TAGS: ENRG, GT

SUBJECT: OIL COMPANY SEEKS GOG AUTHORIZATION TO BUILD 200-
KILOMETER PIPELINE

REF: A. MEMCON OF 11/20/76 WITH DR. PEDRO VAN MEURS; B. GUATE-
MALA 7484

SUMMARY: SHENANDOAH EXPLORATION SUPERVISOR HAS CONFIRMED
PRESS REPORT THAT OIL COMPANY HAS REQUESTED PERMISSION FROM
GOG BUREAU OF MINING AND HYDROCARBONS TO BUILD 200- KILOMETER
PIPELINE FROM THE RUBELSANTO WELLS TO THE CARIBBEAN. PIPE-
LINE CAN BE BUILT IN ONE YEAR FOR COST OF \$25 TO \$30 MILLION
ONCE PERMISSION IS GRANTED. DECISION ON DIAMETER OF PIPELINE
IS REPORTEDLY BEING POSTPONED WHILE EXPLORATION IN NEW AREAS
FOR ADDITIONAL OIL RESERVES CONTINUES. END SUMMARY.

1. INFORMATIVE ARTICLE IN LA NACION OF NOVEMBER 28, ATTRI-
BUTED ONLY TO PETROCHEMICAL ENGINEERS, EXPLAINS THAT PIPELINE
WILL TRAVERSE DEPARTMENTS OF ALTA VERAPAZ AND IZABAL, ROUGHLY
PARALLELING THEIR NORTHERN BORDERS, TERMINATING AT BAY OF
AMATIQUE, THREE KILOMETERS NE OF LIVINGSTON, JUST SOUTH
OF BELIZEAN BORDER. PIPELINE WILL HAVE A SERIES OF
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SAFETY VALVES, ESPECIALLY WHERE IT WILL CROSS FIVE OR

SIX RIVERS, AND SEVERAL PUMPING STATIONS. BY FOLLOWING VALLEYS TO THE COAST, PIPELINE WILL HAVE LITTLE ALTITUDE VARIATION. SEVERAL 500,000 BARREL STORAGE TANKS WILL BE BUILT AT LIVINGSTON AS WELL AS UNDERWATER PIPELINE TO ALLOW TANKERS TO LOAD AT A DISTANCE OF FIVE OR SIX KILOMETERS FROM LAND. ARTICLE CLAIMS THAT PIPELINE WILL HAVE CAPACITY TO TRANSPORT UP TO 70,000 BARRELS PER DAY.

2. SHENANDOAH EXPLORATION SUPERVISOR STATES NEGOTIATIONS FOR CONSTRUCTION ARE NOW UNDER WAY BUT THAT DIAMETER OF PIPELINE HAS NOT YET BEEN DECIDED. HE SAID THEY WILL WAIT TO SEE THE RESULTS OF THE CURRENT DRILLING AT XACLBAL (90 DEGREES 55 MINUTES WEST, 15 DEGREES 57 MINUTES NORTH), WHICH SHOULD BE COMPLETED BY MARCH 1977, BEFORE MAKING A FINAL DECISION ON THE DIAMETER OF THE PIPELINE. BUT EVEN THEN, THEY MAY HAVE TO GO AHEAD ON BASIS OF HOPES FOR AND EXPECTATION OF FUTURE OIL.

3. COMMENT: EMBASSY UNDERSTANDING IS THAT OIL COMPANY IS NEGOTIATING WITH A FRENCH FIRM TO FINANCE AND CONSTRUCT PIPELINE. HOWEVER, EMBASSY DOUBTS THAT ACTUAL CONSTRUCTION WILL BEGIN UNTIL MORE OIL IS DISCOVERED, THOUGH SURVEYS AND RIGHT-OF-WAY WORK SHOULD BEGIN AS SOON AS GOG AUTHORIZATION IS GRANTED. ANNOUNCED RESERVES OF 27 MILLION BARRELS OF OIL AT RUBELSANTO DOME (REF. B) DOES NOT APPEAR SUFFICIENT TO JUSTIFY \$30 MILLION PIPELINE. THUS, IF XACLBAL WELL IS DRY, OIL COMPANY PROBABLY WILL AWAIT RESULTS OF NOT YET INITIATED EXPLORATION AT CHISEC DOME BEFORE BEGINNING CONSTRUCTION OF A PIPELINE. BOSTER

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